



**STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
REAL ESTATE APPRAISER COMMISSION  
500 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243  
615-741-1831**

**November 19, 2007  
Room 160, Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met November 19, 2007, at 8:30 a.m. in Nashville, Tennessee, at the Davy Crockett Tower in Room 160. Chairman William R. Flowers, Jr. called the meeting to order, and the following business was transacted.

**COMMISSION MEMBERS PRESENT**

Dr. Edward A. Baryl  
Marc Headden  
William R. Flowers, Jr.  
James E. Wade, Jr.  
John Bullington

Kenneth Woodford  
Herbert Eugene Phillips  
Jason West – Commissioner West left the meeting at 9:00 a.m. CST after general business was concluded.

**STAFF MEMBERS PRESENT**

Nikole Avers, Administrative Director  
Bethany Heuer, Staff Attorney

**ADOPT AGENDA**

The commission voted to adopt the agenda. Mr. West made the motion to accept the agenda and it was seconded by Mr. Headden. Motion carried unopposed.

**MINUTES**

The October 2007 minutes were reviewed. Mr. Woodford made the motion to accept the minutes as written. It was seconded by Mr. Phillips. Motion carried unopposed.

**GENERAL BUSINESS**

**Applicant Conferences**

**Joe Edward Shults** made application for registered trainee and checked "yes" to a character question and was required, therefore, to appear before the Commission. Mr. Shults explained that he sold a shot gun to an individual in 2001. In 2002, he pleaded guilty to: "Failure to record the

name, age, and place of residence of the purchaser of a firearm". Because he was a licensed seller of firearms, he was fined \$4,000 for this offence and was placed on 3 years of probation. He was granted restoration of citizenship rights on December 9, 2005. Mr. Headden made the motion to grant approval of the application at this time. This motion was seconded by Mr. Wade. The motion carried unopposed.

**Jacob David Seipel** made application for reciprocal certified residential license and checked "yes" to a character question and was required, therefore, to appear before the Commission. Mr. Seipel was charged, in 2000 and 2001, with misdemeanor offence of family partner member assault due to an argument between him and his wife. He stated that she was afraid and called the police and that he had grabbed her by the arms. He stated he was arrested and spent a day and a half in jail and pled guilty. He served 3 months in an anger management course and paid a thousand dollars in fines. He stated he completed the course and he is still married to his wife. He stated he is planning to move to Tennessee. Mr. Phillips made the motion to grant approval of the application at this time. This motion was seconded by Mr. Wade. A roll vote was called for: Commission Bullington voted no; all others voted yes. The motion carried.

**Lloyd Cowan Parker** was next on the applicant list but he was not present at the time the matter came up. Commissioner Headden stated he believed that Mr. Parker was scheduled for an interview later and may be in attendance for the afternoon session. The matter was deferred until later in the meeting.

**Laurette Ann Thymes** was scheduled next on the agenda. She made application for certified general, but was denied previously due to lack of fulfilling the education and experience requirements. She was not in attendance. Chairman Flowers stated she would probably request another attendance because she expressed her desire to challenge the decision (to deny her application) legally. Mr. Bullington made a motion to deny the application of Ms. Thymes. Mr. Headden seconded that motion. The motion carried unopposed. Commissioner Woodford abstained from vote due to lack of knowledge of this matter.

### **Education Committee Report**

Dr. Edward Barylka recommended withholding approval of the course submitted by the provider National Business Institute for the course "Practical Guide to Zoning and Land Use Law" until such time as instructor resume information is submitted and reviewed. Dr. Barylka stated that the individual course approval for Marilyn Edwards need a change to the hour allotment of the course "FREAB Pre-certification Course ABI" (submitted as a request for 75 hours) because the course as submitted included a 15 hour USPAP course, which the applicant also requested separately. Dr. Barylka stated that for qualifying education it is not acceptable to submit for credit for the USPAP course twice. He recommended that the 75 hour course be reduced to 60 hours. A vote was called for, on the Marilyn Edwards separately from the other matters, Mr. Headden, Mr. Bullington and Mr. Wade voted "No" on granting the education request to be consistent with votes in the past on this course from the provider FREAB. Mr. Woodford, Mr. Phillips, Mr. Flowers and Dr. Barylka voted "Yes". The motion carried. Dr. Barylka stated that the individual course approval for Sara Tate included a 15 hour USPAP course which he could not verify the AQB certification of the instructor. He stated he would recommend for approval of that course subject to determination of the instructor's AQB certification, until that time it should not be approved. Dr. Barylka stated for the individual course approval for Danny Taylor that the course "Principles and Techniques of

Cadastral Mapping" that the application included the course description, but nothing else. He recommended denial of education credit for that course. Dr Baryla recommended approval of all others not discussed previously as submitted on the education report. Mr. Wade made the motion to accept the recommendation and Mr. Woodford seconded that motion. The motion carried unopposed. The following are the courses and individual course approvals from the education report:

**EDUCATION COMMITTEE REPORT  
November 19, 2007**

Course Provider	Course Number	Course Name	Instructor	Credit Type	Credit Hours
Appraisal Institute	1131	On-Line Condominiums, Co-ops, and PUD's	Alan Simmons	CE	7
	1133	On-Line Cool Tools: New Technology for Real Estate Appraisers	Wayne Pugh	CE	7
	1138	On-Line GIS – The Novice Case Study	Christopher Miller	CE	7
	1139	On-Line Eminent Domain and Condemnation	John Underwood	CE	7
	1140	On-Line Residential Market Analysis and Highest and Best Use	Sara Schwarzentraub	CE	14
ASFMRA	1141	Valuation of Conservation Easements	Scott Seely John Widdoss	CE	33
	1142	Intermediate Approaches to Value For Rural Appraisal	LeeAnn Moss	Both	45
	1143	Introduction to Approaches to Value for Rural Appraisal	Scott Seely	Both	45
	1144	Advanced Approaches to Value For Rural Appraisal	Kim Frome	Both	45.5
The Columbia Institute	1130	Survey of the Cost Approach, No. 106	Various	CE	8
Appraisal Institute - Greater TN Chapter	1135	Spotlight on USPAP: Confidentiality	Danny Wiley	CE	2
	1136	Maintaining Control: Dealing with Client Pressure, Appraiser Identity Theft, and Appraisal Report Tampering	Richard Heyn	CE	7
National Business Institute	1134	Practical Guide to Zoning and Land Use Law	George Dean Shawn Henry James Murphy	CE	7
Dennis Badger	1137	15 Hour National USPAP	Dennis Badger Thomas Veit	QE	15

**Individual Course Approval**

Name	Course Provider	Course Name	Credit Type	Credit Hours
Peter LeQuire	NAIFA	*Institutional Fraud	CE	7
Grady Frisby	NAIFA	*Institutional Fraud	CE	7
Brian Estes	NAIFA	*Institutional Fraud	CE	7
Anthony Miller	NAIFA	*Institutional Fraud	CE	7

\*The above appraisers took this course on August 23, 2007 before it was approved. The Commission approved the course on September 10, 2007.

Marilyn Edwards	Academy of Real Estate Education	FREAB Pre- Certification Course – ABI	QE	<u>60</u>
	Academy of Real Estate Education	FREAB Pre- Certification Course – ABII	QE	32
	Academy of Real Estate Education	15 Hour USPAP	QE	15
Stoner Klutz	Appraisal Institute Virginia Commonwealth Chapter	Litigation Skills for the Appraiser	CE	7
Sara Tate*	Holloway's Institute	Appraisal I	QE	30
	Holloway's Institute	Appraisal II	QE	30
	Holloway's Institute	Appraisal III	QE	15
	Holloway's Institute	15 Hour USPAP	QE	15
	Northern Michigan University	Real Estate Market Analysis, Highest and Best Use	QE	15
	Northern Michigan University	Narrative Report Writing	QE	15

\* For approval as Certified Residential Appraiser in Tennessee

Danny Taylor	IAAO	Principles & CE Techniques of Cadastral Mapping	Denied	
Meredith Valle*	Wilson	Basic Appraisal	QE	30

	Education Group	Principles		
	Wilson Education Group	Basic Appraisal Procedures	QE	30
	* For approval as Initial Registered Trainee			
Danny Wiley*	Appraisal Institute	On-Line Introduction to International Valuation Standards	CE	8
	Appraisal Foundation	AQB USPAP Instructor Course	CE	15
	Appraisal Foundation	Valuation Fraud Symposium	CE	8
*This course was approved by the Commission on 8-13-07				
Ben Baggett	FYI Seminars, LLC	7 Hour USPAP Update	CE	7
		ANSI Standards and New Technologies and Risk Reduction	CE	7
		Mobile Technology and ANSI Review	CE	7
Morford Bryant*	Instructor Credit	Basic Mapping	Not allowed by Rules State of Tennessee	

\* Mr. Bryant received 14 hours CE credit for 2005 renewal ; therefore he cannot use this towards CE credit

#### Instructors Only Approval

Name	Course Provider	Course Name	Credit Type	Credit Hours
Vincent Dowling	Appraisal Institute-Greater TN Chapter	Office Building Valuation: A Contemporary Perspective	CE	7

The meeting was recessed for the trainee experience interviews and the lunch break from 9:00 until 1:35. The meeting was reconvened at that time.

**Lloyd Cowan Parker** made application for licensed appraiser and has already taken the examination. He checked yes to a character question and was required, therefore, to appear before the Commission. Mr. Parker has a general contractor's license (1990) and an affiliate brokers license. He further explained that in 1982 he was found with possession of a quantity of marijuana with the intent to distribute. He spent twenty months in Federal Prison Camp in Atlanta and had additional monetary fines of \$5,000. He was thirty-two years old at the time of the conviction. Mr. Headden moved for approval on the character issue alone. Dr. Barylal seconded that motion. A roll call vote was conducted. Mr. Bullington and Mr. Wade voted "No" on approval of this application. All others voted "Yes". The motion carried.

## **EXPERIENCE INTERVIEWS**

**James W. Coffman**, made application as an out of state certified general to obtain the same credential in Tennessee. Mr. Headden and Mr. Flowers were the reviewers and recommended to deny the experience request at this time. Mr. Headden further recommended the applicant take a report writing course and not re-apply for certified general for 12 months. The Commission would then review new work product at that time. Mr. Bullington made the motion to accept the recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**David Ely Seals**, made application to upgrade from registered trainee to a certified general appraiser. Mr. Headden and Mr. Flowers were the reviewers and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**John Morton**, made application to upgrade from licensed appraiser to a certified residential appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Lawrence Reynolds, Sr.**, made application to upgrade from licensed appraiser to a certified residential appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Marquis Morris**, made application to upgrade from licensed appraiser to a certified residential appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Lori Howard**, made application to upgrade from registered trainee to a certified residential appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Llyod Parker**, made application to upgrade from registered trainee to licensed appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Phillips made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Curt Vaughn**, made application to upgrade from certified residential appraiser to certified general appraiser. Mr. Phillips was the reviewer and recommended to withhold approval at this time due to insufficiencies in the appraisal reports submitted. He stated the applicant was deficient in the income approach and requested the applicant submit three additional reports that include the income approach. He requested these reports show documentation of market conclusions, that depreciation estimates have support, and that he include support included rental rates, vacancy factors, expense and capitalization rates. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Pamela Stanko**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**James Ray Fonville**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Connie Norton**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Gwendolyn Lanford**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Adam Tauscher**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**Scott Fultz**, made application to upgrade from registered trainee to certified general appraiser. Mr. Flowers and Mr. Woodford were the reviewers and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Corey Ross**, made application to upgrade from certified residential to certified general appraiser. Mr. Flowers and Mr. Wade were the reviewers and recommended approval. Mr. Phillips made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Christopher Thigpen**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Kristy Perry**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Christina Childress**, made application to upgrade from registered trainee to licensed appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**William Shook**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended to withhold approval at this time due to insufficiencies in the appraisal reports submitted. He requested the applicant submit three additional reports. He stated a second experience interview was not required of the applicant, but was an option to the applicant. Mr. Woodford made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Harold Carman, Jr.**, made application to upgrade from certified residential appraiser to certified general appraiser. Mr. Wade and Mr. Woodford was the reviewer and recommended to withhold approval at this time due to insufficiencies in the appraisal reports submitted. He requested the applicant submit three additional reports with special emphasis on complying with USPAP Standard Rules 1 and 2. He stated a second experience interview was required of the applicant. Mr. Woodford made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Darrell E. Austin**, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Wade was the reviewer and recommended to withhold approval at this time due to insufficiencies in the appraisal reports submitted. He requested the applicant submit two additional reports. He stated a second experience interview was not required of the applicant, but was an option to the applicant. Mr. Woodford made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Rodney McManus**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended to withhold approval at this time due to insufficiencies in the appraisal reports submitted. He requested the applicant submit two additional reports. He stated a second experience interview was not required of the applicant, but was an option to the applicant. Mr. Woodford made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Brandon Stokes**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended approval. Mr. Phillips made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Jake Owen**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended approval. Mr. Phillips made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

**Barbara German-Wilson**, made application to upgrade from registered trainee to licensed appraiser. Mr. Woodford was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Dr. Baryla seconded the motion. The motion carried unopposed.

**Martin Hansberry**, made application to upgrade from registered trainee to certified general appraiser. Mr. Woodford and Mr. Bullington were the reviewers and recommended approval. Mr.



Wade made the motion to accept recommendation and Dr. Baryla seconded the motion. The motion carried unopposed.

**Sherie Smith**, made application to upgrade from registered trainee to certified general appraiser. Mr. Woodford and Mr. Bullington were the reviewers and recommended approval. Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed. Mr. Phillips recused from vote.

**Debra Headden**, made application to upgrade from registered trainee to certified residential appraiser. Mr. Woodford was the reviewer and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed. Mr. Headden recused from vote.

**Zach Dorris**, made application to upgrade from registered trainee to certified general appraiser. Mr. Woodford and Mr. Bullington were the reviewers and recommended approval. Mr. Wade made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**Michelle Garrett**, made application as an out of state applicant to obtain certified general credential in Tennessee. Mr. Bullington was the reviewer he indicated he did not feel comfortable make a recommendation of approval for this applicant based on the experience he has reviewed and interview conducted at a previous meeting. After much discussion and a failed initial recommendation Mr. Woodford recommended another Commission member review the work product and re-interview the applicant. Mr. Headden seconded the motion. The motion carried unopposed.

## LEGAL REPORT

### 1. L07-APP-RBS-2007068521 Mr. Phillips was the reviewer.

Staff misquoted Mr. Phillips in the recommendation, and therefore this matter is being represented. In the September legal report, the respondent in question was identified as Respondent 3 for this complaint number.

The Complainant, a consumer, alleged the multiple appraisers over-valued their home since their purchase of the home in 2001 causing them to have a mortgage that is 115% to 125% loan to value. This complaint was additionally referred from the Department of Financial Institutions.

The Respondent said his appraisal was from 2002 and he no longer had those files as it was more than five years ago. He requested a copy of the appraisal be sent to him so he could further respond. A copy of the appraisal sent by the Department of Financial Institutions was forwarded to this respondent. *No prior complaint history.*

**Recommendation and reasoning:** Errors and omissions were found, including inconsistently reporting the square footage, age and room count. Respondent 3 appears to have copied the appraisal of Respondents 4 & 5 word for word without identifying significant real property appraisal assistance. This Respondent also appears to have failed to analyze and report the sales history for the subject property. Mr. Phillips recommended a very stern **Letter of Warning** for rendering

appraisal services in a careless or negligent manner referencing the above noted inconsistencies and omissions. This letter of warning should caution the Respondent to take adequate time to review his appraisal reports for errors and omissions.

**Vote:** Mr. Woodford recommended approval of the recommendation. Mr. Wade seconded the motion. The motion carried unopposed.

## **2. L07-APP-RBS-2007080061 The reviewer was Mr. Flowers.**

Complainant alleged Respondent performed Tennessee appraisal assignments without first becoming a registered trainee or being licensed or certified in Tennessee. The Respondent is licensed in Georgia.

Respondent stated she was unaware that she had to register in Tennessee prior to working on appraisal assignments with a supervisor from Georgia. She stated she thought she had to complete three months of appraisal work in Tennessee in order to get a Tennessee license. This applicant was not able to reciprocate because she lives in Tennessee.

*No prior disciplinary history.*

**Recommendation and reasoning:** Due to unlicensed conduct and the following mitigating circumstances: had sent in money and thought she had a license, lives on the border of Georgia and Tennessee, supervisor was licensed both in GA and TN, etc., the recommendation is for a consent order with a \$500.00 civil penalty for unlicensed conduct.

**Vote:** Mr. Phillips recommended approval of the recommendation. Mr. Woodford seconded the motion. The motion carried unopposed.

## **3. L07-APP-RBS-2007082401 The reviewer was Mr. Flowers**

The Complainant, a consumer, stated that she hired the Respondent to appraise her property because she intended to sell it and wanted to know what it would be worth if the zoning were changed to commercial. She stated the appraisal was not useful, that Respondent did not measure the house, and that he did not include the cost approach. She had the appraisal reviewed by another appraiser and included that information with the complaint. She also stated that calculations were incorrect, the maps included were wrong, and the square footage was wrong.

The reviewer stated that 11 of the 32 pages were not included in the appraisal report, that the appraiser referenced Standard Rule 2-2(a) for a Summary appraisal report which is incorrect, that the appraiser did not outline the scope of work or define the appraisal problem, that the appraiser used tax record information rather than measuring the property as the Respondent reported to have done in the appraisal, and that the Respondent failed to analyze the property for highest and best use "as vacant". He also stated the Respondent failed to disclose use of a hypothetical condition as the zoning is not currently commercial use and that the highest and best use "as improved" was not analyzed with respect to the utility of the current improvements. He also stated the Respondent failed to describe property characteristics including a garage and unfinished

basement area. He stated that the Respondent did not use the best comparables available, overlooking obvious sales in immediate proximity to the subject property.

The Respondent stated that he explained to the Complainant when hired to do the appraisal that the best report for her use would be a Summary report and that he would only be using comparables sales for analysis. He stated that performing all three approaches would be expensive and excessive, because all she wanted was an estimate of fair market value in order to sell her house. He stated he inspected the interior and exterior of the property, but did not measure the house. When the assignment was submitted to the client she told him that she thought her house was much larger than reported in the appraisal and that his estimate of \$85 per square foot would give her a much higher value with the correct square footage. He stated he agreed to come back out, but then when he returned to her house she told him that she had changed her mind due to the errors she found in the appraisal. He stated she refused to pay for the appraisal and he has turned it into collections. He also stated that she claimed the house to be worth more than his appraised value, but that the Complainant recently listed her home for \$3,500 less than his appraised value.

*Prior complaint history: one dismissed.*

**Recommendation and reasoning:** Mr. Flowers states that this appears to be a business dispute; the consumer was not happy with the value. There were minor errors in the report and the appraiser offered to correct the errors. There did not appear to be any intention to mislead. The recommendation was to dismiss this matter.

**Vote:** Mr. Phillips recommended approval of the recommendation. Mr. Woodford seconded the motion. The motion carried unopposed.

#### **4. L07-APP-RBS-200708259 The reviewer was Mr. Flowers.**

The Complainants, consumers, alleged that Respondent under-valued their residence. They stated that he appraised the property the first time at \$105,000 in 2003. The Complainant stated that they later built onto the house and had a new appraisal in 2006 from the Respondent first for \$168,500, then when they discussed the appraisal on the phone that the Respondent verbally raised the value to \$171,250 which they still consider very low. They stated the Respondent gave conflicting reasons as to the low value opinions. They stated they went to a different lender and had a different appraiser give a value opinion for the house, which indicated a value of \$250,000 on this appraisal.

The Respondent stated that the lender had given him permission to discuss the appraisal with the borrower. He stated, during the phone conversation with the Complainant, he discovered he had not made an adjustment for the heated sun porch. He stated he reported his error to the client and made corrections to the sales and cost approaches to consider the heated sun porch. The Respondent acknowledges he forgot to change the information in the "description of improvements" section. He stated the "conflicting explanations" as described by the Complainant, referred to his efforts to explain that as the square footage increases, the cost per square foot decreases. He stated he did not remember discussing the power connections to the garage/workshop with the Complainant. He further stated that he believes, "the comparables used

were the most proximate and as comparable to the subject as possible, considering the unique design of the subject and its rural nature."

*No prior disciplinary history.*

**Recommendation and reasoning:** Mr. Flowers recommended to dismiss this complaint due to no indication of low value opinion.

**Vote:** Mr. Phillips recommended approval of the recommendation. Mr. Headden seconded the motion. The motion carried unopposed.

**5. L07-APP-RBS-2007085651 The reviewer was Mr. Wade.**

The Complainant, a consumer, alleged the Respondent was unprofessional because she requested zoning information, and flood plain information from him for the appraisal assignment.

The Respondent stated in her response letter that the flood map information was vague and she contacted the borrower, who was also a Realtor, and asked him for clarification on that information. She stated he asked her for a reduced appraisal fee because he was paying all of the closing costs, which she did not do. She stated he was upset with her and sent her a \$150 bill for the FEMA information.

*Prior complaint history: one dismissed.*

**Recommendation and reasoning:** The complaint is from a property owner, who is a Realtor. The appraiser requested the zoning classification, zoning description, FEMA zone, and date of FEMA map in an e-mail to the Complainant/Realtor. The Respondent appeared to be trying to obtain information from a third party appraiser in the real estate office. According to the respondent, the Realtor became angry when the respondent refused to reduce her fee. I find no information that the Respondent's client, the lender, had a problem with the appraisal report. I recommend that the complaint be dismissed.

**Vote:** Mr. Headden recommended approval of the recommendation. Mr. Phillips seconded the motion. The motion carried unopposed.

**6. 2007073221 The reviewer was Mr. Wade.**

This Complaint was filed by TREAC in August and alleged the Respondent failed to support adjustments, failed to reconcile value indications, committed errors of omission or commission that significantly affected the appraisal report, failed to reconcile use of a hypothetical condition/extraordinary assumption (i.e.: public water source) in a vacant land appraisal. Additionally, in a second residential appraisal it was alleged the Respondent failed to support adjustments, failed to reconcile value indications, and committed errors of omission or commission that significantly affected the appraisal report.

The Respondent stated he was working under the advice of his sponsor (a complaint against this sponsor had previously been filed). The Respondent stated the appraisal was completed "as is"

and no hypothetical condition and that it was developed in a summary format to be appropriate for the intended use and intended user. He stated they have found six typos and one error on the other report, but that it did not affect the value result. He stated both appraisals were completed appropriate to the scope of work parameters and that the client was a well-informed market participant with knowledge of the assets as well as some of the comparables utilized.

*No prior disciplinary history.*

**Recommendation and reasoning:** Legal Counsel recommended deferring this complaint because the trainee is to present additional appraisal reports to Mr. Wade for review.

**7. 2007068121 The reviewer was Mr. Wade.**

The Complaint, filed by TREAC, alleged the respondent failed to support adjustments, failed to reconcile value indications, errors of omission or commission that significantly affected the appraisal report, failure to reconcile use of a hypothetical condition/extraordinary assumption (public water source) in a vacant land appraisal.

Additionally, in a second appraisal it was alleged the Respondent failed to support adjustments, failed to reconcile value indications, and committed errors of omission or commission that significantly affected the appraisal report in the appraisal of a residential property.

The Respondent stated regarding the vacant land appraisal, the market value opinion was supported with market data and that the comparables demonstrated reflect the lower middle range of value. The Respondent stated the appraisal was completed "as is" and no hypothetical condition was used and included a photo of the water tap on site. He was not supplied an approved plan of a division of the property, since that requires Planning Commission approval and that no capacity letter was supplied for future development for additional water taps. The comment in the addendum of the report was included to clarify this matter.

An informal conference was held with the Respondent on Nov. 15<sup>th</sup>.

*Prior Complaint / Disciplinary History: two closed with consent orders, 2 closed with letters of instruction, one closed with letter of warning.*

**Recommendation and reasoning:** In a vacant land appraisal errors included public water source and a divisibility issue. In a second appraisal inconsistencies were found in the adjustments applied. Mr. Wade recommended a consent order with a \$4,000.00 civil penalty, based on USPAP violations noted.

**Vote:** Mr. Headden recommended approval of the recommendation. Mr. Phillips seconded the motion. The motion carried unopposed.

**8. 2007062271 The reviewer was Mr. Bullington.**

The Complainant (a consumer) alleged that his residence was undervalued, and the respondent did not physically inspect the subject property – that the appraiser was not present at the house.

There was another person present with Respondent that day (according to Respondent) and this is the person that Complainant said was present. Allegedly the other person was simply shadowing the respondent; now he is registered as a trainee with respondent as his supervisor. Complainant states that old photos were used. The Complainant also stated that the Respondent did not recognize that one of the comparables had 250 square feet of garage space that was listed originally as living area.

The Respondent stated in his response letter that the Complainant was not the client in this appraisal assignment and the client is satisfied with the appraisal.

Respondent stated that he and his trainee inspected the subject and did an exterior inspection of the comparables. Respondent stated the only old photos that were used were ones that reflected the comparable residence at the time of its reported sale. Respondent stated Complainant has retaliated because the appraised value was less than the homeowner expected and the Complainant could not get the 100% LTV he was seeking. Respondent stated complainant was also upset that he would not speak with him about the appraisal, but respondent asserts he was prohibited from doing so because the complainant was not his client. Respondent and his trainee attended an informal conference today. Respondent brought his workfile, which contained a sketch of the subject in his own handwriting.

*No prior disciplinary history.*

**Recommendation and reasoning:** Due to insufficient evidence that respondent was not at the property, the reviewer is recommending this complaint be closed with no action.

**Vote:** Mr. Headden recommended approval of the recommendation. Mr. Wade seconded the motion. The motion carried unopposed.

#### **9. 2007068491 The reviewer was Mr. Bullington.**

The Complainant, a fellow practitioner, alleged the Respondent over-valued a two-unit property by using superior rental comparables. The Complainant provided a review appraisal on the appraisal completed by the Respondent.

The Respondents, a supervisor and his trainee, stated in their response letter that the appraisal was based more on the "market value approach" than the income approach to determine the subject's estimated market value. He stated further that no contract was presented them, that rental data was taken from MLS information, that market rent was not considered because the subject property was rented at the time of inspection. In addition, the Respondent stated the subject property was renovated, but the trainee failed to go into details about the renovations that were done. He stated comp three was from a similar neighborhood. He stated that it appears his trainee only showed rent for the main level and not the lower level and that comparable three has two levels that were used in the estimated square footage total. He stated there were limited duplex comps in the area and that a mean between all comps was used to determine the market value.

*No prior disciplinary history.*

**Recommendation and reasoning:** Due to unintended USPAP violations contained in the appraisal, the recommendation is for Consent Orders to be sent to the supervisor and the trainee outlining violations of Standards Rules 1-4(a)(b) and (c) and 1-5(a) and the Competency Rule of USPAP. The supervisor and trainee must both take a 15 hour 2-4 Unit Case Study course with an exam (within 90 days). These courses will count toward their continuing education requirements.

**Vote:** Mr. Wade recommended approval of the recommendation. Mr. Phillips seconded the motion. The motion carried unopposed.

**10. 2007082361 The reviewer was Mr. Bullington.**

The Complainants, consumers, alleged the Respondent misreported gross living area because he included the below-grade unfinished utility room with the septic tank under it. They stated that the appraisal completed by the Respondent stated there was no moisture problem, but they allege that there are two springs underneath the cabin. They also alleged the comparables used were not similar to the subject property. In addition, the Complainants stated that the Respondent misreported property characteristics such as the bedroom count, calling a deck a porch, misreporting the water source, garage access, septic tank functionality, foundation only under part of the house, and completed the appraisal "as is" when they felt it should be completed "subject to".

The Respondent stated that the house has no below grade areas and he believes the Complainants are confusing that term with the quality of construction. He stated the appraisal was completed "as is". He stated the unfinished area of the house was considered in the "functional depreciation" addendum and adjusted in the cost and sales comparison approaches. He stated that the subject property is not a manufactured house. He stated that he did not know why the complainant thought he misreported the bedrooms. He stated the rooms are labeled in the building sketch. He stated that the deck the complainant refers to could be called a porch as well as they serve the same functional utility and purpose. Further, he stated the visual observation of the water supply determined that the water comes from a spring in a creek and that tests were recommended in the environmental addendum. He states that it can clearly be seen in the photos that the garage/workshop has a door in the side of the building which automobiles can drive through. He states that the property is 23.54 acres and it is difficult to believe that a septic tank cannot be relocated on this property. He stated that there were no springs observed under the cabin on the day of inspection and that the video sent by the complainant appears to show water in the yard during a rain and that there doesn't appear to be any water flowing from under the house.

*Prior complaint history: two dismissed.*

**Recommendation and reasoning:** Consent Order with \$300.00 civil penalty for misreporting property characteristics.

**Vote:** Mr. Phillips recommended approval of the recommendation. Mr. Headden seconded the motion. The motion carried unopposed.

**11. 2007079221 The reviewer was Mr. Woodford.**

The Complainant, HUD/FHA, alleged the Respondent misreported information and omitted information. In addition, the adjustments in the sales comparison approach are alleged to be inconsistent and not supported in the appraisal report reconciliation. Also, failure to analyze the sales history of the comparables.

The Respondent stated in his response letter that the education sanction was due to FHA violations and not USPAP violations, and that only one of the three appraisal reports caused action to be taken. He stated the violations were: failure to identify the specific zoning classification for the subject, failure to identify specific lot size for the comparables in the sales grid, and failure to condition the report "subject to repairs" for chipping and peeling paint.

**Prior Complaint / Disciplinary History:** 200418521 (closed – consent order paid \$300 + USPAP course)

**Recommendation and reasoning:** Letter of Warning per Mr. Woodford's pertaining to reporting issues and describing property characteristics.

**Vote:** Mr. Phillips made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**12. 2007068061 The reviewer was Mr. Headden.**

The complaint alleges failure to identify significant appraisal assistance in appraisal reports completed by a trainee under his supervision. The Respondent has attended an informal conference regarding this matter.

*Prior Complaint / Disciplinary History: one closed; one open.*

**Recommendation:** Mr. Headden recommended a consent order with a \$3,000.00 civil penalty and a 15 hour USPAP course (not to count for C.E.) based on violations of failure to identify significant appraisal assistance based on past actions taken in similar complaints.

**Vote:** Mr. Wade made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**13. 2007083881 The reviewer was Mr. Headden.**

This complaint was filed anonymously with allegations of failing to report the prior transfers, using a listing as the third comparable, using inappropriate comparables from a historic district of town, and reporting the subject to be a single family residence when the property may be a bed and breakfast.

*Prior Complaint / Disciplinary History: one open.*

**Recommendation and reasoning:** Mr. Headden recommended approval for informal conference and formal hearing, if needed.



**Vote:** Mr. Wade made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

**14. 2007068161 The reviewer was Mr. Headden.**

This complaint was filed by TREAC with allegation of over-valuing a residential property, failure to analyze the current agreement of sale, including two certification forms with conflicting information, and insufficiently describing the property characteristics.

Respondent stated, "Regarding the allegation of over-valuing the property, Comparables 1 and 2 are located in the immediate area of the subject and are similar to the subject in heated square foot area, age and design. Comparable 3 is located in a nearby, competitive area and is also similar in size, age and design. The comparables are all adjusted for the differences in bathroom count, square foot size differences, land value, quality and amenities, if needed. Based on the adjustments to the comparables and the interior and exterior inspection of the subject property the subject value was estimated at \$xxx,xxx. The subject property was a rental property prior to being purchased by (owner) on 11/15/2006. The prior owner was liquidating all rental properties and took a loss in order to achieve a quick sale. This prior sale of the subject property was a disqualified sale and was not believed to reflect the current market value. Also, an addition had been made to the property, which was not shown by the courthouse records. This addition added several hundred square feet of living area. Photos of the addition were included with the original appraisal.

Regarding the second allegation of failure to analyze the current agreement of sale, the subject property was occupied by the borrower's at the time of the appraisal. According to the agent, the owner of the property's son, the borrower's and the owner had a verbal agreement of sale. At the time of the appraisal there was no formal, written agreement of sale between the borrower and the owner. The sales agreement is attached with this letter and shows the date as March 7th, 2007. This date reflects 2 days after the inspection of the subject property (one day after date signed).

Regarding the third allegation of insufficiently describing the property characteristics, it is my opinion that the neighborhood description, market conditions, property general description and the condition of the property were adequately described. As stated previously in this letter, the subject has had an addition added to the dwelling. This addition is not shown on the courthouse records as of the time of the inspection."

*No prior disciplinary history.*

*[skipped – already had informal and vote].*

**15. 2007082551 The reviewer was Mr. Headden.**

The Complainant, a consumer, alleged that the Respondent under-valued their residence. They stated that he appraised the property using the sales comparison approach for \$260,000 but that his cost approach came in at \$400,000. The Complainant stated that he was told by the Respondent that the lender would not allow him to leave the subdivision for sales of similar size and that the Complainant's property is larger than typical in this subdivision. The Complainant also

alleged that the respondent did not consider a large detached garage on the property. The Complainant stated that since the time of the Respondent's appraisal he has gotten two additional appraisals completed and they came in at \$365,000 and \$370,000 for value opinions.

The Respondent stated in his response letter that the subject was under contract for \$360,000 and was listed "for sale by owner" and not through the local MLS. He stated that his research showed four sales in the subdivision in the past 12 months ranging from \$225,000 to \$273,400 and there was an active listing on the street for \$279,900. According to the Respondent there were 37 lots in this newer subdivision and that the Complainant had built several of these. He stated that the homes in the neighborhood ranged in size from 2423 to 2800 square feet, with the exception of the subject property which measured at 3477 square feet GLA. He stated that the wife of the Complainant had told him during his inspection that the Complainant had decided to file for divorce. He stated he inspected the neighborhood comparables and found the only differences to be GLA and the detached garage the subject property had. He concluded that the subject was an over-improvement by approximately 915 square feet and that this was deducted as functional obsolescence. He further stated he completed the appraisal in accordance with the lender's and Fannie Mae guidelines.

*Prior Complaint / Disciplinary History: two dismissed; one open.*

**Recommendation and reasoning:** Mr. Headden recommended approval for informal conference and formal hearing, if needed.

**Vote:** Mr. Woodford made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**16. 2007069861 The reviewer was Mr. Headden.**

The Complainant, a consumer, alleged the multiple appraisers have appraised their home and that the last appraisal completed had a lower value opinion than the purchase price of their home four years ago. They stated they purchased the home in 2003 for \$126,000. They refinanced the home in 2005 and the appraised value was \$160,000 and they recently had another appraisal done to refinance and the value opinion was \$125,000. They stated that they do not believe values in this area have decreased and asked the Real Estate Appraiser Commission to look into the three appraisal they have had completed.

The **Respondent 1 & 2**, a trainee and her supervisor, stated that they appraised the property in 2007 for \$125,000, and they used three comparables from within the subject's subdivision that were similar in characteristics and amenities. They stated that they made adjustments for differences and feel the appraisal complies with USPAP and Fannie Mae guidelines.

**Respondent 3** stated in her response letter that she appraised the property in 2005 for \$160,000. She stated that average home sale prices in this area have fallen to an average of \$136,000 currently, and appraised values to an average of \$104,000. Regarding over-valuing the residence, she stated that the comps were good and stated in part, "the neighborhoods appeared comparable in condition and quality of homes and they were definitely comparable in proximity to places of employment, worship, shopping and learning institutions. One way in which my comps were

chosen was the prior sales dates and prices. My searches used to be limited to the supplemental standards of the lenders; however, I now realize that it is necessary to search beyond what lenders will "accept" and included all that is necessary to arrive at a fair opinion of value."

Regarding "failing to support adjustments in the sales comparison," she stated in part, "My gross and net adjustments fall well below the recognized limits of what suggests a good comp. My square footage adjustments were made at \$20 per square foot, which is 1/3 of the dollar amount in the cost approach and which is how I was taught to make adjustments at (School of Appraisal). Likewise, the finished basement was adjusted \$10 per square foot, which again is 1/3 of the estimated dollar amount in the cost approach. The subject has a screened porch adjusted at \$1500, which again is 1/3 the estimate of the cost to construct. The subject has a deck adjusted at \$1000, which again is 1/3 the estimated cost to construct."

Regarding "failure to support the effective age and land value," she stated in part, "I searched for homes with a similar actual age and that had been updated or remodeled. That is why no age adjustments were made; it would have been pure speculation. Likewise, an adjustment for age would have only benefited the subject to a higher opinion of value, since all of the comps have an older actual age. The effective age of the subject was estimated at 10 years, which at the time of my appraisal was just under 1/3 of the actual age..."

**Respondent 4** his appraisal was from 2003 and had a value opinion of \$126,000. He stated that he did not over-value the subject property and did not use superior comparables. He stated all comparables used were within the subject's subdivision. He stated adjustments were made for differences between the subject and comparables in a consistent and logical manner. He stated no purchase agreement was available to the appraiser at the time of this appraisal.

*Respondent 1: No prior complaint/disciplinary history.*

*Respondent 2: Two complaints dismissed.*

*Respondent 3: No prior complaint/disciplinary history.*

*Respondent 4: No prior complaint/disciplinary history.*

***[skipped – already presented].***

**17. 2007080041 The reviewer was Mr. Headden.**

The Complainant, a consumer, alleged the Respondent under-valued a convenience store/retail property by using inappropriate comparables and not giving credit for city sewer.

The Respondent stated that the sewer information was affirmed by the utility company. He stated the city water was provided by this utility company and they stated they did not provide them sewer. He stated he felt he met his due diligence in this matter. He further stated that the Complainant failed to mention that the property had been listed for \$175,000 and later was reduced to \$169,900. The property was on the market for about a year and then expired which was 18 months prior to the effective date of the appraisal. He stated the property was listed on two MLS systems. He stated he spoke with the real estate agent and that the realtor felt he worked very hard to sell the property but he felt the draw backs were lack of gasoline facilities and insufficient

parking for a convenience store/retail property. He stated he does not feel that the property was under-valued and felt it important to consider its prior listing history in the reconciliation of value.

*Prior complaint history: one Letter of Caution.*

**Recommendation and reasoning:** Mr. Headden recommended dismissal of this complaint because the appraiser appeared to have done a good job on the appraisal.

**Vote:** Mr. Wade made the motion to accept recommendation and Mr. Bullington seconded the motion. The motion carried unopposed.

#### **18. 2007085651 The reviewer was Mr. Phillips.**

The complaint was filed by TREAC because the trainee failed to submit a change of sponsorship affidavit after his supervisor's license was revoked.

The Respondent indicated that in January 2005 when his supervisor's license was suspended, he submitted a change of primary sponsorship to another supervisor on January 11, 2005. When his first sponsor's license was reinstated in March 2005 he assumed he would again be his primary supervisor and his new sponsor would be his secondary supervisor. He further stated "if proper procedures were not followed it was not intentional as I have tried to be very diligent in the process to become a certified real estate appraiser."

**Recommendation and reasoning:** No Standard Violations found. As per conversation with the TREAC office, it was confirmed that the Respondent filed a change in sponsor in January 2005, March 2005, and April, 2005. It appears that adequate documents were submitted to effect these changes. Based on these findings, Mr. Phillips recommended dismissal of this complaint.

**Vote:** Mr. Headden made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

#### **19.2007082191 The reviewer was Mr. Phillips.**

The Complainant, a consumer, alleged that the respondent kept adding repair items to the deferred maintenance list that was required before closing and changing the value opinion which caused delays in closing and additional expense on the part of the Complainants. In addition, the Complainant alleged that the Respondent somehow was working with the termite company in requiring that the home under appraisal be treated for termites. The Complainant indicated that he was informed that the reported value of the appraisal was at \$107,000.

The respondent indicated that she only performed one appraisal on the subject property and reported the value of \$105,000. She indicated that she required several repairs to be made which included, replacing missing roof shingles, replace rotten wood, seal all cracks to keep moisture out of the structure, and recommended a termite clearance letter. It is her contention that the lender failed to communicate these requirements to the buyer and seller.

**Recommendation and reasoning:** No Standard Violations found while reviewing the respondent's appraisal. It was Mr. Phillips findings that the appraisal was performed in compliance with the current USPAP guidelines. The repairs required are noted in the appraisal as well as the request for a termite clearance letter. The Respondent completed the appraisal and repair inspections in a timely manner. The appraisal indicated no substantial USPAP violations, therefore Mr. Phillips recommended dismissal.

**Vote:** Mr. Wade made the motion to accept recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

## **20. 2007079851 The reviewer was Mr. Phillips.**

The Complainant, a consumer, alleged that the respondent failed to adequately inspect the subject property which consisted of improvements on 6.5 acres of land. He indicated that the respondent spent 10 minutes on the inspection and undervalued the subject property. They stated that the cost figures were not reasonable and not in the subject area and was not of similar square footage. They further stated that the opinion of the site value was not credible and supported.

The Respondent stated in his response letter that it is not true that he only spent ten minutes on the subject site. He stated the subject is located in a semi-rural mountain area and the majority of the home sales are land/home packages built by a specific builder. He stated the subject property was a custom built house. He indicated the Complainants provided him with 3 or 4 recent sales which he reviewed and deemed to be not comparable for various reasons. He stated he "supplied 7 sales, instead of the required 3 sales" from courthouse and real estate records. The Respondent stated he has been appraising properties in the area for the past 15 years and that the subject is not necessarily overbuilt, but the owners have an unrealistic value in mind.

**Recommendation and reasoning:** USPAP VIOLATIONS: Standards Rule 1-1 (c) not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results. Components in the cost approach were undervalued.

Upon reviewing the appraisal it is apparent that the Respondent spent adequate time inspecting and performing research, even though it appears he failed to list one of the fireplaces in his report. The Respondent's cost figures for the deck, fireplace, porch, fans, etc. are unrealistic with a total cost for all these components at \$1,500. In addition the detached garage cost at \$15.00 per square foot appears unrealistic. In the sales comparison approach, the Respondent indicated the view of the subject and Comparable 1 through 4 was average, but made a positive \$10,000 adjustment to these sales. It is also noted that the Respondent indicated on Page 3 that the subject was not listed for sale, but on Page 4 he noted the subject was listed for sale for \$761,900. This statement appears to be a result of cloning a previous report.

The appraisal indicated USPAP violations, therefore Mr. Phillips recommended a letter of warning stating respondent should recognize cost books (for example, Marshall and Swift) and consult with builders regarding costs, specifically mention the 10,000 adjustment issue above, edit reports.

**Vote:** Mr. Woodford made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

**21. 2007079411 The reviewer was Mr. Phillips.**

The Complainant, an outside agency, alleged the Respondents misreported the condition and over-valued the subject property. They stated that the Respondent's report stated, "The subject has been remodeled with new carpet/vinyl flooring, freshly painted interior and in average condition, however, this is not a home inspection." The property went into default and they obtained a recent BPO of \$10,000 and included interior photos of the property with the complaint. They stated that it is clear from the photos that the flooring is very old and has never been replaced.

The Respondent indicated that the subject property at the time of the appraisal had been remodeled with new carpet, vinyl flooring, and freshly painted interior. He rated the property as being in average condition and reported a value as of January 29, 2004 of \$65,000. The Respondent revisited and took photos of the property on October 18, 2007 and stated that it is evident that new vinyl floor was present. It appears from the photos supplied by the Complainant the house has been destroyed. A signed notarized statement from a neighbor across the street indicated the house was remodeled in January 2004. He witnessed new carpets and vinyl floor covering being installed, and interior painting and other improvements being made at that time. The witness indicated that a woman and children moved in the house and moved out after 2 to 3 months. Thereafter, vandalism occurred, drug users moved in and destroyed the house.

**Recommendation and reasoning:** Upon reviewing the appraisal, it is noted that the market value of the subject property was reported at \$65,000 as of January 29, 2004 which is supported by the comparables presented and analyzed. The net adjustments were less than 4% and the gross adjustments were less than 15%. The cost approach indicated a value of \$55,800 which is consistent with the actual sales price of \$55,000 reported from public record as of March 10, 2004. The appraisers failed to give an explanation for the spread in the cost approach as it relates to the sales comparison approach. It appears that the market value has been somewhat overstated. The Broker opinion at \$10,000 is approximately 1/3 of the appraised value set by the county. USPAP VIOLATIONS: Standards Rule 1-1 (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal. Mr. Phillips recommended letters of warning to both respondents for consistency between the sales and cost approaches value indications and explanation. It may be advisable for respondent to take a cost course and/or report writing course.

**Vote:** Mr. Bullington made the motion to accept recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

**22. 2007080441 The reviewer was Mr. Phillips.**

The Complainant, a homebuyer, alleged the Respondent misreported the number of bedrooms in the subject residence and this affected the value opinion. The Complainant stated they cannot sell the property as a four-bedroom house. The fourth bedroom which is a bonus room, cannot not be used as a bedroom due to violating the local fire code. This room located on the second floor has

no windows. At the time of the appraisal the subject was nearing completion of construction, but was not completed on the effective date of the appraisal. The Complainant listed several other items, not completed according to plans and specifications and may have been deferred maintenance.

The Respondent indicated she received an anonymous call from a male informing her that she was going to be sued for the appraisal and she should notify her E&O company. They expected her to give them money for the unfinished room on the second floor or purchase the property from them. The next call the Respondent received was from the Complainant indicating they were no longer represented by an attorney. The Respondent informed the Complainant that she would pull the appraisal file and re-inspect the property. Before the Respondent could re-inspect the property, she received an e-mail from the Complainant informing her that she had contacted the State of Tennessee Mediation and the Respondent had 10 days to comply with her request. The Respondent re-inspected the house and found that she had marked a finished room at the top of the stairs as a bedroom. She stated this finished room had a closet, but no window. She indicated that in her appraisal she used only one comparable with four bedrooms and the other two comparables were three-bedroom homes. She further indicated that "it does not appear that at the time of the inspection a premium was not paid for 3-bedroom vs. 4-bedroom sales; therefore I did not adjust for this amenity."

**Recommendation and reasoning:** In reviewing the subject appraisal report, the cost approach supported the sales comparison with a spread of less than 10%. The designation of the bonus room as a fourth bedroom in the Respondent report is inaccurate, since it violates the alleged fire code. USPAP VIOLATIONS: Standards Rule 1-1 (b) not commit a substantial error of omission or commission that significantly affects an appraisal. The Respondent indicated in the appraisal that a three-bedroom house was a four-bedroom house. Mr. Phillips recommended that the Respondent be cited for this error by issuing a letter of warning.

**Vote:** Mr. Wade made the motion to accept recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

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Mr. Phillips thanked staff and legal counsel with help with the trainees and complaints. Legal Counsel, Bethany Heuer, announced that this would be her last meeting with the Real Estate Appraiser Commission because she had accepted a position with the Department of Health. The Commissioner thanked her for her service and hard work. Being no further business, the meeting was adjourned at 3:15 p.m.

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Nikole Avers, Administrative Director

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William R. Flowers, Jr., Chairman